Malaysia has become adept at defending its national interests without ostracising any major powers and with minimal military costs. This was recently demonstrated when China continued its maritime assertion in the South China Sea.

On 16 April, a Chinese government survey ship, the **Haiyang Dizhi 8**, escorted by at least seven Chinese coastguard vessels sailed through the South China Sea and started a survey at a point about 352 km off the coasts of Brunei and Malaysia. This is within Malaysia’s Exclusive Economic Zone (EEZ) but near waters claimed by Vietnam, Malaysia, and China. The next day, the **Haiyang Dizhi 8**, with 10 coastguard and maritime militia vessels, shadowed the **West Cappella**, an exploration ship contracted by Petronas, a Malaysian state-owned oil company, about 324 km from the Malaysian coast.

This latest act of assertion by China prompted the US to send a small flotilla of combat vessels, including an amphibious assault ship, the **USS America**, the guided-missile cruiser **USS Bunker Hill** and guided-missile destroyer **USS Barry** to the scene to deter Chinese ‘bullying behavior’. The **USS America** can carry up to 20 F-35B Lightning II stealth multi-role combat aircraft, multiplying this small flotilla’s offensive power. While Malaysia does not have formal defence pacts with the US or Australia, it is still able to garner their assistance in times of need.

So, what is Malaysia’s grand strategy in managing strategic risk in the South China Sea? Malaysia practised a combination of selective alignment and strategic ambiguity during the Cold War that managed to secure the country from a myriad of threats and prosper economically. These strategies are still used by Malaysia today, albeit in a different strategic context.

The evolution of Malaysia’s grand strategy is influenced by the tumultuous birth of the country during the Cold War. Malaysia was formed in 1963, and consisted of Malaya (independent since 1957), Sabah, Sarawak and Singapore. Its formation was strongly opposed by Indonesia, which saw Malaysia as a tool used by the UK (with covert US support) to contain Indonesia’s rising influence in the region.

Selective alignment allows Malaysia to work closely with all parties for its relative strategic advantage.

Indonesia launched a ‘Ganyang Malaysia’ (or ‘crush Malaysia’) campaign to disrupt Malaysia’s formation, initially using political, economic and propaganda means, and later an undeclared war now known as the Konfrontasi (or ‘Confrontation’). Indonesian military forces conducted cross-border raids in Sarawak and Sabah from Kalimantan (Indonesian Borneo) through the porous mountainous and jungle borders. This was effectively countered by Malaysian security forces, aided by a strong contingent of Commonwealth military forces – mostly from the UK, Australia and New Zealand.

The Konfrontasi lasted until 1966, when Indonesia, under its new leader Suharto (who had replaced Sukarno at the end of 1965), suffering serious military setbacks and lacking international support, decided to explore diplomatic options to end the conflict.

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The Strategic Logic of Malaysia’s Muted Response to the South China Sea Standoff

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To prevent future conflicts in the region, ASEAN was formed in 1967. Malaysia suspected that the Konfrontasi was supported by China, North Korea, Cambodia and the powerful Communist Party of Indonesia because Malaysia was too pro-Western and anti-communist in its foreign policy posture. This suspicion was based on Sukarno’s speech on 17 August 1965, in which he claimed that Jakarta was part of an ‘anti-imperialist’ pact with Beijing, Hanoi, Phnom Penh and Pyongyang.

The rapid deployment of US and Australian naval vessels provided Malaysia with the naval muscle that it could not muster

After learning lessons from the Konfrontasi and as a member of the newly formed ASEAN, Malaysia shifted its foreign policy stance to neutrality and non-alignment to avoid another military confrontation. Malaysia actively sought to secure itself by changing the geopolitical dynamics of the Southeast Asia region via ASEAN by portraying the region as being neutral in the Cold War. By focusing on ASEAN’s core principles of non-intervention in each other’s internal affairs, mutual respect and equidistance with both Communist and Western powers, Malaysia hoped to buttress itself and the region from threats of intervention by major external powers that may lead to proxy wars breaking out in its own neighbourhood. This strategy used deft diplomatic manoeuvres to pre-empt external powers from asserting influence in the region by promoting a perception that the region was neutral and there was no need for either side to establish footholds to counter each other.

The ongoing Vietnam War stalemate and the suspicions that the US was becoming frustrated with the war and abandoning its military commitment in South East Asia worried Malaysia. It was still fighting an internal counterinsurgency war against communists, and the fear of the ‘domino theory’ being played out were real. Malaysia feared that if South Vietnam fell to communists, a wider conflict may spread throughout Southeast Asia, eventually reaching Malaysia, without strong US political willpower and military commitment to stem the communist tide.

The announcement of the ‘Nixon Doctrine’ vindicated these fears. On 25 July 1969, US President Richard Nixon announced that the US would change its defence commitments to Asian states – they would have to defend themselves. This meant that Asian non-security treaty partners of the US would have to fight the spread of communism themselves, with the US only providing a nuclear umbrella and military equipment. In order to secure itself from intervention by major powers and without a credible and powerful defence ally in the region, Malaysia knew that it had to change its foreign policy posture and embarked on a new set of foreign affairs strategies that promoted itself as a neutral and non-aligned state. It joined the Non-Aligned Movement in 1971. Demonstrating its new non-alignment posture, Malaysia opened diplomatic relations with the Soviet Union in 1968 and later with China in

USS Bunker Hill and USS Barry transit the South China Sea. Both ships were part of a flotilla sent by the US, and joined by Australia’s HMAS Parramatta, in response to Chinese actions near the Malaysian coast. Courtesy of US Navy/Nicholas V Huynh/Flickr.
1974. This was despite Malaysia still fighting a second internal communist insurgency supported by China.

Although successful in signalling that it was a non-aligned state in the region, Malaysia still maintained close defence ties with the UK and a few Commonwealth allies via the Five Power Defence Arrangements (FPDA) – a loose consultative defence arrangement consisting of the UK, Australia, New Zealand, Singapore and Malaysia which replaced the Anglo-Malaya Defence Agreement in 1971.

As a result of the FPDA, troops from Australia and New Zealand are still based in Malaysia, with an integrated air defence system (IADS) covering both Peninsular Malaysia and Singapore’s airspace. The IADS is commanded by a Royal Australian Air Force Air-Vice Marshall. This IADS cooperation represents a platform to quietly develop a more active bilateral security and strategic cooperation. Australia had a squadron of Dassault Mirage IIIIs based in Butterworth airbase during the Cold War and now a flight of P-3 Orion maritime patrol aircraft and a company-sized infantry unit are posted there. The P-3s utilise Butterworth’s geostrategic position to conduct maritime intelligence gathering operations in the Indian Ocean and the South China Sea. The FPDA allowed Malaysia, the UK and Australia to have close defence cooperation amidst shared strategic interests. This defence relationship is extremely important to Malaysia as Australia has a formal security alliance with the US through the ANZUS Treaty – which indirectly ties Malaysia’s security to the US.

Similarly, the UK’s ‘special relationship’ with the US augurs well strategically for Malaysia. The US relationship with FPDA members is important as both the UK and Australia today lack adequate expeditionary military power to assist Malaysia if needed. Although the FPDA is a loose consultative arrangement without formal alliance commitments, the perceived moral responsibilities of the UK and Australia, with their own defence ties with the US, to assist in the defence of Malaysia has and will continue to deter would-be aggressors against Malaysia.

This canny statecraft indicated that Malaysia practised dual strategies of selective alignment (instead of purely non-aligned) and strategic ambiguity during the Cold War period. These strategies were successful in securing its national interests, and continue to do so today, albeit in a different strategic setting.

Selective alignment allows Malaysia to work closely with all parties for its relative strategic advantage, at its choosing. This is important for a small state as it allows it to be more flexible, agile, robust and cope well with uncertainty. As a small state with limited relative power, selective alignment enables Malaysia to enhance its strategic choices.

Strategic ambiguity, on the other hand, enabled Malaysia to work closely with all parties via its overtly publicised non-alignment foreign policy and neutral posture. At the same time, Malaysia also maintained inconspicuous security ties with Western powers during the Cold War. Malaysia’s strategic ambiguity kept both friendly powers and potential adversaries guessing as to whose side it was really on. Malaysia’s strategic ambiguity continues to keep major powers in the region vying for its support and second-guessing who its preferred strategic partner is.

These strategies utilise active diplomatic manoeuvres to pre-empt powerful states from asserting their influence and are different from the common alliance politics of power balancing or bandwagoning. Malaysia did not join a formal military pact to balance a powerful regional adversary or make a deal with one to hedge its security risks. Malaysia instead sought an independent foreign policy that did not entail acts of overt alliance-building but strategically sought to work with all parties. Malaysia also actively reshaped the geopolitical dynamics of the region for its own strategic interests by promoting ASEAN’s core tenet of non-intervention in its members’ internal affairs and a region of neutrality. ASEAN served as an important regional bulwark to buttress ideological powers from meddling in Southeast Asia.

Hence, Malaysia’s muted response to China’s recent assertive operation in the South China Sea seems to have yielded the intended strategic effects – the fast deployment of US and Australian naval vessels to contain the latest Chinese action, leading to the swift de-escalation of the standoff in the South China Sea with minimal Malaysian naval assets involved. Malaysia has limited naval and coastguard assets to patrol and check Chinese presence in Malaysian maritime economic zones. The rapid deployment of US and Australian naval vessels provided Malaysia with the naval muscle that it could not muster. Malaysia also avoided a direct confrontation with China which might jeopardise its close economic relationship. Malaysia’s grand strategy of utilising selective alignment and strategic ambiguity appears to have sound strategic logic. By understanding Malaysia’s grand strategy, key lessons about a small state’s astute strategic behaviour can be drawn, and these demonstrate that even a small state can practise grand strategy that yields handsome dividends.

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